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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JANUARY 9, 2001

JOINT APPLICATION OF

GROUNDHOG MTN. PROPERTY  
OWNERS, INC.

CASE NO. PUE990814

and

GROUNDHOG MTN. WATER &  
SEWER COMPANY, INC.

For authority to acquire and to  
dispose of utility assets  
pursuant to the Transfers Act and  
for certificates of public convenience  
and necessity pursuant §§ 56-265.2  
and 56-265.3

ORDER INVITING WRITTEN COMMENTS AND REQUESTS FOR HEARING

On December 12, 2000, Groundhog Mtn. Property Owners, Inc.  
("GMPO"), and Groundhog Mtn. Water and & Sewer Company, Inc.  
("GMW&S" or the "Company"), (collectively, the "Applicants")  
completed their application initially filed on December 13,  
1999, and subsequently amended on March 14, 2000. In their  
application, GMPO and GMW&S request authority pursuant to the  
Transfers Act, Chapter 5 of Title 56 of the Code of Virginia,  
for GMW&S to acquire and for GMPO to dispose of its water and  
sewer facility assets pursuant to a license agreement between  
the Applicants. Pursuant to that license agreement, GMW&S will  
have the sole right to occupy and to use all of GMPO's water and

sewer assets to provide water and sewer service to the residents of the Groundhog Mountain, Doe Run, Buck Hollow, and Groundhog Hill subdivisions located in Patrick and Carroll Counties, Virginia (the "Subdivisions").

The Applicants also request, pursuant to §§ 56-265.2 and 56-265.3, certificates of public convenience and necessity for GMW&S to acquire the above-referenced assets and to provide water and sewer service to the residents of the Subdivisions. In addition, Applicants request approval of GMW&S' proposed rates, rules, and regulations of service. GMW&S proposes the following rates:

WATER RATES:

1. Each member of GMPO who is a water customer shall pay an assessment (described below) for the operation and maintenance costs of the water system and any special assessment for any required capital improvements to the water system.
2. In addition to annual assessments for operation and maintenance of the water system, GMW&S may, from time to time, levy special assessments for one year only for the purpose of defraying, in whole or in part, the cost of any construction, repair, replacement, or expansion of the water system, including the necessary fixtures and real property related thereto.

3. All annual and special assessments for the water system shall be fixed at a uniform rate for all customers.

4. For fiscal year 2001 (January 1-December 31), the annual assessment for the water system is established at \$140.25 per quarter, or \$561.00 annually.

SEWER RATES:

1. Each member of GMPO who is a sewer customer shall pay an assessment (described below) for the operation and maintenance costs of the sewer system and any special assessment for any required capital improvements to the sewer system.

2. In addition to annual assessments for operation and maintenance of the sewer system, GMW&S may, from time to time, levy special assessments for one year only for the purpose of defraying, in whole or in part, the cost of any construction, repair, replacement, or expansion of the sewer system, including the necessary fixtures and real property related thereto.

3. All annual and special assessments for the sewer system shall be fixed at a uniform rate for all customers. For fiscal year 2001 (January 1-December 31), the annual assessment for the sewer system is established at \$110.50 per quarter, or \$442.00 annually.

Bills for water and/or sewer service shall be rendered quarterly in advance. At the option of the customer, water and sewer assessments may be paid annually.

GMW&S proposes a late payment charge of 1 1/2% per month for bills not timely paid; a customer deposit equal to a customer's estimated liability for two months' usage; and a \$6.00 bad check charge. The Company also proposes a \$35.00 charge to terminate water and/or sewer service for non-payment of any utility bill, for violation of the Company's rules and regulations of service, or for termination of water service at the customer's request. In addition, the Company proposes a \$45.00 charge to restore water service if such service has been discontinued for violation of the Company's rules and regulations of service or for non-payment of any bill. The \$45.00 charge will apply when it is necessary to reconnect water that was turned off in connection with the termination of sewer service.

In the event that meters are installed, the Company proposes a \$35.00 fee to test a meter unless the meter is found to have an average error greater than two percent. The Company also proposes to charge \$35.00 to remove any meter at the customer's premises.

NOW THE COMMISSION, having considered the application and applicable law, is of the opinion that the matter should be

docketed, notice should be given, and interested persons should have an opportunity to comment and request a hearing.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) This matter shall be docketed as Case No. PUE990814.

(2) Applicants shall make a copy of the application and exhibits available for public inspection during regular business hours at the Hillsville Public Library, 101 Beaverdam Road, Hillsville, Virginia 24343.

(3) Applicants shall respond to written interrogatories within seven (7) calendar days after receipt of same. Except as modified above, discovery shall be in accordance with Part VI of the Commission's Rules of Practice and Procedure.

(4) On or before March 1, 2001, Applicants shall mail the following notice (bill inserts are acceptable) to all of their customers in Patrick and Carroll Counties, Virginia:

NOTICE OF JOINT APPLICATION OF GROUNDHOG  
MTN. PROPERTY OWNERS, INC., AND GROUNDHOG  
MTN. WATER & SEWER COMPANY, INC., FOR  
AUTHORITY TO ACQUIRE AND TO DISPOSE OF  
UTILITY ASSETS PURSUANT TO THE TRANSFERS ACT  
AND FOR CERTIFICATES OF PUBLIC CONVENIENCE  
CASE NO. PUE990814

Notice hereby is given that Groundhog Mtn. Property Owners, Inc. ("GMPO"), and Groundhog Mtn. Water and Sewer Company, Inc. ("GMW&S"), (collectively, the "Applicants") completed their application initially filed on December 13, 1999, and subsequently amended on March 14, 2000. In their application, GMPO and GMW&S request authority pursuant to Chapter 5 of Title 56

of the Code of Virginia, the Transfers Act, for GMW&S to acquire and for GMPO to dispose of its water and sewer facility assets pursuant to a license agreement between the Applicants. Pursuant to that license agreement, GMW&S will have the sole right to occupy and to use all of GMPO's water and sewer assets to provide water and sewer service to residents of the Groundhog Mountain, Doe Run, Buck Hollow, and Groundhog Hill subdivisions located in Patrick and Carroll Counties, Virginia (the "Subdivisions").

The Applicants also request, pursuant to §§ 56-265.2 and 56-265.3, certificates of public convenience and necessity for GMW&S to acquire the above-referenced assets and to provide water and sewer service to residents of the Subdivisions. In addition, Applicants request approval of GMW&S' proposed rates, rules, and regulations of service. GMW&S proposes the following rates:

WATER RATES:

1. Each member of GMPO who is a water customer shall pay an assessment (described below) for the operation and maintenance costs of the water system and any special assessment for any required capital improvements to the water system.

2. In addition to annual assessments for operation and maintenance of the sewer system, GMW&S may, from time to time, levy special assessments for one year only for the purpose of defraying, in whole or in part, the cost of any construction, repair, replacement, or expansion of the water system, including the necessary fixtures and real property related thereto.

3. All annual and special assessments for the water system shall be fixed at a uniform rate for all customers. For fiscal

year 2001 (January 1-December 31), the annual assessment for the water system is established at \$140.25 per quarter, or \$561.00 annually.

SEWER RATES:

1. Each member of GMPO who is a sewer customer shall pay an assessment (described below) for the operation and maintenance costs of the sewer system and any special assessment for any required capital improvements to the sewer system.

2. In addition to annual assessments for operation and maintenance of the sewer system, GMW&S may, from time to time, levy special assessments for one year only for the purpose of defraying, in whole or in part, the cost of any construction, repair, replacement, or expansion of the sewer system, including the necessary fixtures and real property related thereto. All annual and special assessments for the sewer system shall be fixed at a uniform rate for all customers. For fiscal year 2001 (January 1-December 31), the annual assessment for the sewer system is established at \$110.50 per quarter, or \$442.00 annually.

Bills for water and/or sewer service shall be rendered quarterly in advance. At the option of the customer, water and sewer assessments may be paid annually.

GMW&S proposes a late payment charge of 1 1/2% per month for bills not timely paid; a customer deposit equal to a customer's estimated liability for two months' usage; and a \$6.00 bad check charge. The Company also proposes a \$35.00 charge to terminate water and/or sewer service for non-payment of any utility bill, for violation of the Company's rules and regulations of service, or for termination of water service at the customer's request. In addition, the Company proposes a \$45.00 charge to restore

water service if such service been discontinued for violation of the Company's rules and regulations of service or for non-payment of any bill. The \$45.00 charge will apply when it is necessary to reconnect water that was turned off in connection with the termination of sewer service.

In the event meters are installed in the future, the Company proposes a \$35.00 fee to test a meter unless the meter is found to have an average error greater than two percent. The Company also proposes to charge \$35.00 to remove any meter at the customer's premises.

A copy of the application is available for public inspection during regular business hours at the Hillsville Library, 101 Beaverdam Road, Hillsville, Virginia 24343. The application is available for public inspection Monday through Friday, 8:15 a.m. to 5:00 p.m., at the State Corporation Commission, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

Any person wishing to comment on the application or request a hearing may do so on or before March 22, 2001, by addressing such comments or requests to: Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia, and shall refer to Case No. PUE990814. A copy of the comments or requests for hearing must also be sent to counsel for Applicants as follows: Wilburn C. Dibling, Jr., Esquire, Gentry Locke Rakes & Moore, P.O. Box 40013, Roanoke, Virginia 24022-4013. Requests for hearing shall state why a hearing is necessary and why such issues cannot be adequately addressed in written comments.

If no sufficient request for hearing is received, a formal hearing with oral

testimony may not be held, and the Commission may make its decisions administratively, based upon papers filed in this proceeding.

GROUNDHOG MTN. PROPERTY OWNERS, INC., AND  
GROUND HOG MTN. WATER AND SEWER COMPANY, INC.

(5) Applicants forthwith shall serve a copy of this Order on the Chairman of the Board of Supervisors of any county and upon the Mayor or Manager of any county, city, or town (or equivalent officials in counties, towns, and cities having alternate forms of government) lying within the Applicants' service area. Service shall be made by first-class mail or delivery to the customary place of business or residence of the person served.

(6) On or before March 15, 2001, Applicants shall provide the Commission with proof of the notice required in Ordering Paragraphs (4) and (5).

(7) On or before March 22, 2001, any interested person wishing to comment on the application shall address such comments to: Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia, and shall refer to Case No. PUE990814. A copy of such comments simultaneously shall be sent to counsel for Applicants as follows: Wilburn C. Dibbling, Jr., Esquire, Gentry Locke Rakes & Moore, P.O. Box 40013, Roanoke, Virginia 24022-4013.

(8) On or before March 22, 2001, any person desiring a hearing in this matter shall file a request for hearing in writing with: Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia, and shall refer to Case No. PUE990814. A copy of such request simultaneously shall be sent to Applicants as follows: Wilburn C. Dibbling, Jr., Esquire, Gentry Locke Rakes & Moore, P.O. Box 40013, Roanoke, Virginia 24022-4013.

(9) Appropriate members of the Commission's Staff shall review the application and shall submit, on or before April 6, 2001, a report presenting their findings and recommendations.

(10) On or before April 16, 2001, Applicants and interested persons shall file a response, if any, to the Staff Report.